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Dianne Wampler 04/05/2007 08:50:03 AM From DB/Inbox: Dianne Wampler

Cable
Text:

S E C R E T ANKARA 00777

SIPDIS
CX:

ACTION: ECON
INFO: CONS PA RAO FAS MGT PMA FCS POL DCM AMB

DISSEMINATION: ECON /1
CHARGE: PROG

APPROVED: ECON:TGOLDBERGER
DRAFTED: ECON:ASNOW
CLEARED: CONGEN ISTANBUL:SOUDEKIRK, PMA:CRICH/CSIEBENTRITT, POL:JWEINE

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OO RUEHC RUEAWJA RHEHAAA RUEATRS RUCNIRA RUEHIT
DE RUEHAK #0777/01 0941637
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FM AMEMBASSY ANKARA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1583
INFO RUEAWJA/DEPT OF JUSTICE WASHDC IMMEDIATE
RHEHAAA/NSC WASHDC IMMEDIATE
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE
RUCNIRA/IRAN COLLECTIVE
RUEHIT/AMCONSUL ISTANBUL 2458

S E C R E T SECTION 01 OF 02 ANKARA 000777

SIPDIS

TREASURY FOR OTI - RLOEFFLER

E.O. 12958: DECL: 04/04/2017
TAGS: [KNNP](#) [EFIN](#) [TU](#) [IR](#)
SUBJECT: BANK SEPAH AND DEFENSE INDUSTRIES ORGANIZATION
DEMARCHES TO TURKEY

REF: A. A. STATE 40909

[1](#)B. B. STATE 40440
[1](#)C. C. ISTANBUL 63

Classified By: Economic Counselor Thomas Goldberger for reasons 1.4(b)
and (d).

This cable has been coordinated with Congen Istanbul.

[1](#)1. (S) Summary: The head of the Foreign Ministry's Iran Department (which has the MFA lead on Iran sanctions) told us that measures are underway within the bureaucracy to implement UNSCRs 1737 and 1747, but that action against Sepah accounts at banks in Turkey had not yet been taken. He said that only once a decree is approved by the Council of Ministers, Turkish authorities will have the legal authority to take any action. Meanwhile, the Bankers Association, which is responsible for disseminating government directives on asset freezes and account blocking to its members, says it has not received any communication from Government agencies regarding Bank Sepah. Ambassador also raised the need for urgent action to implement 1737 and 1747 with Foreign Ministry Under Secretary Ertugrul Apakan and we will continue to press with other officials. It could also be useful for senior Washington officials to raise this with the Turkish embassy. End Summary.

Action on Bank Sepah Awaits Broader 1747 Implementation
Package

12. (S) On April 3, we explained to Foreign Ministry Iran Department Head Murat Ahmet Yoruk the need for swift action against Bank Sepah's accounts and relationships in order to effectively implement UNSCR 1747. Yoruk said he would report our specific concern about Sepah to all relevant authorities in Turkey. He said that to implement 1737 and 1747 the resolutions need to be incorporated into Turkey's domestic legal framework by means of Council of Ministers decrees. While a working group led by MFA has prepared a package to enable the Council of Ministers to approve such a decree for 1737, the package has yet to receive all the necessary approvals for submission to the Council. On 1747, Yoruk said they still have a lot of work to do to prepare a similar package. He said that until the decree is approved the Turkish state has no legal authority to take any action against Sepah or the other entities listed in 1747.

13. (S) We pointed out that this situation enabled Bank Sepah to freely move funds and conduct banking transactions and asked whether the Turkish authorities could not informally get the word out to banks that a decree was coming, and that Sepah had been listed in 1747. Yoruk only replied that agencies responsible for the banking sector -- Turkey's anti-money-laundering agency MASAK and the Bank Regulatory and Supervisory Agency -- had been notified but he was not aware of what additional actions they may have taken. Yoruk added that he has had no indication that Sepah has accounts in Turkey and noted that U/S Levey had raised U.S. concerns about Sepah the Turkish MFA and Ministry of Finance.

14. (C) Ambassador raised the issue in a separate April 3 meeting with MFA U/S Ertugrul Apakan. Ambassador urged that the GOT expeditiously complete any necessary implementing measures for UNSCRs 1737 and 1747. US experience had been that the longer it took to notify banks in such cases, the greater the likelihood that relevant accounts would be empty by the time they were implemented, rendering the Resolutions less than effective. Apakan assured Ambassador that Turkey would pursue this actively.

14. (S) Meanwhile, Bankers Association Secretary General Ekrem Keskin told Congen Istanbul April 2 that the Association had yet to receive any communication on Bank Sepah from the regulators, as is normally the case with terrorism finance designations.

15. (S) Comment: Turkish officials are clearly not acting with a sense of urgency to implement 1747 with regard to Sepah. We will continue to press the issue and contact Is Bankasi directly. End comment.

Defense Industries Organization

16. (SBU) We also advised Yoruk that on March 30 the U.S. had designated Iran's Defense Industries Organization (DIO) under E.O. 13382 in order to be able to freeze assets and prohibit transactions between DIO and banks in the U.S. We left ref a nonpaper, and encouraged the GOT to investigate financial relationships with Turkish institutions in which Iranian proliferation entities are suspected of having an interest. Yoruk took note but had no substantive reaction. Turkey is designating DIO as part of the above-referenced implementation package for 1737.

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